

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
)	
STRIKE, LLC, <i>et al.</i> ¹)	Case No. 21-90054 (DRJ)
)	
Debtors.)	(Jointly Administered)
)	(Emergency Hearing Requested)

**DEBTORS' EMERGENCY MOTION TO
ALTER OR AMEND THE INSURANCE ORDER**

Emergency relief has been requested. Relief is requested not later than 10:30 a.m. (prevailing Central Time) on December 22, 2021.

If you object to the relief requested or you believe that emergency consideration is not warranted, you must appear at the hearing if one is set, or file a written response prior to the date that relief is requested in the preceding paragraph. Otherwise, the Court may treat the pleading as unopposed and grant the relief requested.

A hearing will be conducted on this matter on December 22, 2021 at 10:30 a.m. (prevailing Central Time) in Courtroom 400, 4th Floor, 515 Rusk, Houston, Texas 77002. Participation at the hearing will only be permitted by an audio and video connection.

Audio communication will be by use of the Court's dial-in facility. You may access the facility at (832) 917 1510. Once connected, you will be asked to enter the conference room number. Judge Jones's conference room number is 205691. Video communication will be by use of the GoToMeeting platform. Connect via the free GoToMeeting application or click the link on Judge Jones's home page. The meeting code is "Judge Jones." Click the settings icon in the upper right corner and enter your name under the personal information setting.

Hearing appearances must be made electronically in advance of both electronic and in-person hearings. To make your appearance, click the "Electronic Appearance"

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtors' federal tax identification number, are Strike, LLC (2120); Strike HoldCo, LLC (0607); Delta Directional Drilling, LLC (9896); Strike Global Holdings, LLC (4661); Capstone Infrastructure Services, LLC (0161); and Crossfire, LLC (7582). The location of Debtor Strike, LLC's principal place of business and the Debtors' service address is: 1800 Hughes Landing Boulevard, Suite 500, The Woodlands, Texas 77380. Additional information regarding this case may be obtained on the website of the Debtors' proposed claims and noticing agent at <https://dm.epiq11.com/StrikeLLC>.

link on Judge Jones's home page. Select the case name, complete the required fields and click "Submit" to complete your appearance.

The above-captioned debtors and debtors in possession (collectively, the "**Debtors**") state the following in support of this motion (this "**Motion**"):

RELIEF REQUESTED

1. The Debtors seek entry of an order, substantially in the form attached hereto (the "**Order**") amending the *Order (I) Authorizing Debtors to (A) Continue Insurance Program and Surety Bond Program and (B) Pay all Obligations with Respect Thereto; and (II) Granting Related Relief* [Docket No. 58] (the "**Insurance Order**") for the purpose of entering into a new financing agreement with AFCO Credit Corporation ("**AFCO**").

JURISDICTION AND VENUE

2. The United States Bankruptcy Court for the Southern District of Texas (the "**Court**") has jurisdiction over this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157 (b). The Debtors confirm their consent, pursuant to rule 7008 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), to the entry of a final order. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The bases for the relief requested herein are sections 105(a) of title 11 of the United States Code (the "**Bankruptcy Code**"), Bankruptcy Rule 9024, and rule 59(e) of the Federal Rules of Civil Procedure.

BACKGROUND

I. Overview of Chapter 11 Cases

4. On December 6, 2021 (the "**Petition Date**"), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code commencing the above-captioned chapter 11

cases (the “**Chapter 11 Cases**”). On December 15, 2021, the United States Trustee for the Southern District of Texas appointed an official committee of unsecured creditors. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in the Chapter 11 Cases.

5. Additional factual background and information regarding the Debtors, including their business operations, their corporate and capital structure, and the events leading to the commencement of the Chapter 11 Cases is set forth in detail in the *Declaration of Sean Gore in Support of Chapter 11 Petitions and Requests for First Day Relief* [Docket No. 18].

II. The Insurance Motion

6. On the Petition Date, the Debtors filed the *Debtors’ Emergency Motion for Entry of an Order (I) Authorizing Debtors to (A) Continue Insurance Program and Surety Bond Program and (B) Pay all Obligations with Respect Thereto; and (II) Granting Related Relief* [Docket No. 16] (the “**Insurance Motion**”). The Insurance Motion requested, among other things, authority to renew an agreement with AFCO (as amended, the “**AFCO Premium Financing Agreement**”) to finance the premiums due under general liability insurance policies. As described in the Insurance Motion, the financing agreement carries an interest rate of 2.820%, and the Debtors granted AFCO a security interest in unearned premiums, loss payments and state guarantee funds relating to financed policies. Also as described in the Insurance Motion, as of the Petition Date, the Debtors expected to renew the AFCO Premium Financing Agreement beginning January 1, 2022, at which time they would owe a down payment of approximately \$480,668.

7. The Court entered the Insurance Order on December 6, 2021. The Insurance Order authorizes the Debtors to amend, extend, renew, rollover, replace, or obtain a new premium

financing agreement; *provided* that the Debtors will notify applicable parties if the Debtors enter into any new premium financing agreements.

III. AFCO Renewal Terms

8. Following entry of the Insurance Order, AFCO modified the terms of the AFCO Premium Financing Agreement in connection with the renewal based on the chapter 11 filings. Specifically, AFCO is increasing the down payment to \$961,335, decreasing the number of installment payments, and pursuant to section 364(c)(2) of the Bankruptcy Code, requiring the Debtors to obtain a Court order granting security interests and authorizing AFCO to terminate the financing agreement following a default by the Debtors without further order of the Court.

BASIS FOR RELIEF

9. The Insurance Order recognizes the importance of satisfying outstanding or future obligations related to the Debtors' insurance policies and the necessity of the AFCO Premium Financing Agreement to satisfy such obligations. The Debtors continue to rely on the AFCO Premium Financing Agreement. They have no superior alternative, and even if they could obtain comparable economic terms, any counterparty would require the same relief requested by AFCO. Accordingly, the Court should grant the Motion and amend the Insurance Order to provide AFCO with the comfort it has requested to renew the AFCO Premium Financing Agreement.

NOTICE

10. The Debtors will provide notice of this Motion to: (a) the Office of the United States Trustee for the Southern District of Texas; (b) the holders of the 30 largest unsecured claims against the Debtors (on a consolidated basis); (c) the Prepetition Senior Loan Agent; (d) the

Prepetition Junior Loan Agent; (e) AIP and the DIP Secured Parties,² and their counsel, Stroock & Stroock & Lavan LLP; (f) the Official Committee of Unsecured Creditors; (g) the Office of the United States Attorney for the Southern District of Texas; (h) the state attorneys general for states in which the Debtors conduct business; (i) the Internal Revenue Service; (j) the United States Securities and Exchange Commission; (k) the Environmental Protection Agency and similar state environmental agencies for states in which the Debtors conduct business; (l) AFCO; and (m) any party that has requested notice pursuant to Bankruptcy Rule 2002. In view of the nature of the relief requested, no other or further notice need be provided.

²

The term “**DIP Secured Parties**” is defined in the Debtors’ *Emergency Motion for Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Senior Secured Priming Superpriority Postpetition Financing and (B) Use Cash Collateral, (II) Granting Adequate Protection to Prepetition Secured Parties, (III) Modifying the Automatic Stay, (IV) Scheduling A Final Hearing, and (V) Granting Related Relief* [Docket No. 79].

The Debtors request that the Court grant the relief requested in this Motion and grant the Debtors such other and further relief to which they may be entitled.

Houston, Texas
December 17, 2021

/s/ Matthew D. Cavanaugh

JACKSON WALKER LLP

Matthew D. Cavanaugh (TX Bar No. 24062656)
Kristhy Peguero (TX Bar No. 24102776)
Genevieve Graham (TX Bar No. 24085340)
1401 McKinney Street, Suite 1900
Houston, Texas 77010
Telephone: (713) 752-4200
Facsimile: (713) 752-4221
Email: mcavanaugh@jw.com
Email: kpeguero@jw.com
Email: ggraham@jw.com

*Proposed Co-Counsel to the Debtors and
Debtors in Possession*

WHITE & CASE LLP

Thomas E Lauria (TX Bar No. 11998025)
Matthew C. Brown (admitted *pro hac vice*)
Fan B. He (admitted *pro hac vice*)
Gregory L. Warren (admitted *pro hac vice*)
200 South Biscayne Boulevard, Suite 900
Miami, FL 33131
Telephone: (305) 371-2700
Email: tlauria@whitecase.com
Email: mbrown@whitecase.com
Email: fhe@whitecase.com
Email: gregory.warren@whitecase.com

Andrew F. O'Neill (admitted *pro hac vice*)
111 South Wacker Drive, Suite 5100
Chicago, IL 60606
Telephone: (312) 881-5400
Email: aoneill@whitecase.com

Charles Koster (admitted *pro hac vice*)
609 Main Street, Suite 2900
Houston, TX 77002
Telephone: (713) 496-9700
Email: charles.koster@whitecase.com

Aaron Colodny (admitted *pro hac vice*)
R.J. Szuba (admitted *pro hac vice*)
555 South Flower Street, Suite 2700
Los Angeles, CA 90071
Telephone: (213) 620-7700
Email: aaron.colodny@whitecase.com
Email: rj.szuba@whitecase.com

*Proposed Counsel to the Debtors and
Debtors in Possession*

Certificate of Accuracy

I certify that the foregoing statements are true and accurate to the best of my knowledge. This statement is being made pursuant to Bankruptcy Local Rule 9013-1(i).

/s/ Matthew D. Cavanaugh

Matthew D. Cavanaugh

Certificate of Service

I certify that on December 17, 2021, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Matthew D. Cavanaugh

Matthew D. Cavanaugh